



August 19, 2005

## INVITATION FOR NOMINATIONS FOR OIL AND GAS LEASES

### The Process

An oil and gas lease auction is scheduled for November 3, 2005 in Olympia, Washington. By 4:30 p.m., October 3, 2005, applications to nominate parcels must be received by the Washington State Department of Natural Resources, Product Sales and Leasing Division, P.O. Box 47061, Olympia WA 98504-7061.

A \$25 application fee and a deposit of \$150 per parcel is required for each lease nomination. Nominations may not exceed 640 acres for upland parcels and 1920 acres for lands under navigable fresh waters of the state. Applications for nomination received after the cutoff date may be forwarded to the next auction. Due to the current level of interest another auction is planned for early 2006. Basic lease terms are a six-year lease with 12.5 percent over-riding royalty.

### About the Auction

The bidding process for this auction will be oral. The opening bonus bid is set at \$4.00 per acre. Bidding will proceed in increments of \$1.00 per acre. The successful bidder will have outbid all competitors and within 24 hours of the end of the auction have paid \$150 per lease as annual rent deposit and 1/5 of the bonus bid total offered at the auction.

### Oil and Gas Potential in Washington State

In much of the state, Washington is underlain by folded and faulted tertiary siliciclastic rocks. These vary in thickness from about 10,000 to 30,000 feet. This section includes sandstones that range from thick low-porosity sections similar to those associated with deep basin-centered gas accumulations to the Ocean City sand, which is 700 feet thick, has 30 percent porosity, and permeability in excess of a darcy. Less than 200 wells deeper than 4,000 feet have penetrated the prospective area, which is about half the size of Louisiana. While no wells currently produce, a stripper oil field and two low-volume gas fields have been developed. Geochemical studies demonstrate widespread gas-generative source rocks and underplated oil-prone strata near the coast. The structure is complex, but includes untested regional anticlinoriums such as Horse Heaven Hills, which is 120 miles in length.

### More Information

More on the auction process and other relevant information, including; location of state lands eligible for lease, the application form for lease nominations, as well as a sample lease and map to the Natural Resources Building may be accessed on the DNR Website at:

[www.dnr.wa.gov/htdocs/sales\\_leasing/leasing/oilandgas/index.html](http://www.dnr.wa.gov/htdocs/sales_leasing/leasing/oilandgas/index.html), or contact:

#### For questions about the auction

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#### For geology questions

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### Washington State Department of Natural Resources

For additional geological and geophysical data contact: The DNR Division of Geology and Earth Resources at (360) 902-1450.